

Top Secret



DIRECTORATE OF
INTELLIGENCE

Central Intelligence Bulletin

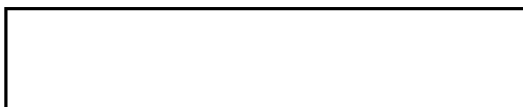
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31 Jan 68 CENTRAL INTELLIGENCE BULLETIN Map

*South Vietnam: Communist forces continued their unprecedented attacks against cities and key allied civil and military installations for the second consecutive day on 31 January.

Activity centered on the Saigon area where some 20 Viet Cong terrorists attacked and temporarily occupied parts of the US Embassy compound during the early morning. US troops ejected the enemy by 9:00 AM local time. Nineteen Viet Cong were reportedly killed. Initial reports indicate US forces lost five killed and five wounded.

Mortar and small arms fire also struck near the Presidential Palace and at several other locations in the city, as well as at the large Tan Son Nhut airfield and military headquarters complex. Northeast of the capital the US bases at Bien Hoa and Long Binh came under enemy attack. At Bien Hoa two US jet aircraft were destroyed and ten aircraft damaged. There were few details on other damage or casualties in the Saigon area.

Elsewhere on 31 January, Viet Cong mortar fire struck the city of Hue in northern I Corps and a number of provincial and district capitals in the Mekong Delta. The IV Corps headquarters at Can Tho came under mortar and ground attack.

Renewed mortar and rocket attacks were reported on 31 January at Ban Me Thuot and Da Nang--both of which had been hit hard the previous day--and at last report South Korean Marines were still heavily engaged with enemy troops entrenched in the city of Hoi An, south of Da Nang. Sporadic fighting also appears to be continuing at several other locations where Viet Cong attacks occurred on 30 January, including Qui Nhon and Nha Trang along the central coast and Kontum city in the central highlands.

Although a complete account of casualties during the past two days has not been completed, initial indications

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are that enemy killed may reach as high as 1,400 while allied losses have been relatively light.

The enemy attacks during the past two days--targeted primarily against urban areas and major allied installations--appear to be primarily designed for maximum psychological impact. The Communists apparently hope to demonstrate to the South Vietnamese, to US and world opinion--and probably to their own forces--that they can enter major towns and bases and are a force to be seriously reckoned with.

The widespread attacks also may be preparatory to an impending offensive in the Khe Sanh-DMZ area where an ominous concentration of North Vietnamese Army units is located.

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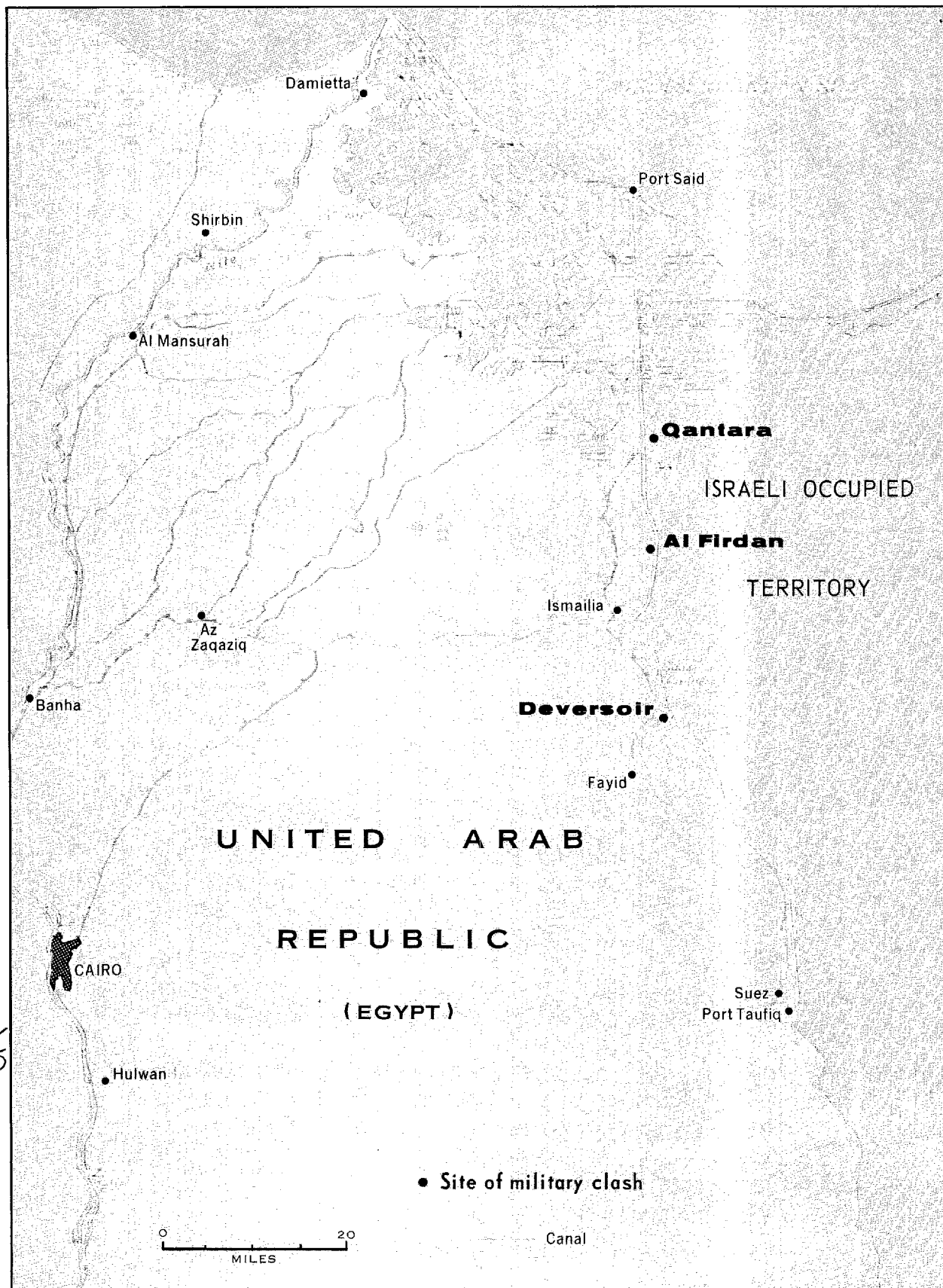
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Egypt: The heavy exchange of gunfire yesterday across the Suez Canal has caused Cairo to suspend efforts to release the 15 cargo ships trapped in the canal since June.

Egypt announced the suspension after a firefight which was precipitated by an Egyptian attempt to conduct a survey operation in the northern sector of the canal. Israel had publicly approved a clearing operation in the south but had warned Egypt, publicly and through UN channels, against any activities in the north. The Israelis had privately claimed that they would bar clearance of the northern half of the canal because this would facilitate the entry into the canal of Soviet naval craft which could be used as a "screen" between Israeli and Egyptian forces.

While such a development would be possible, the real basis for Israeli concern is probably fear that further clearance operations would erode Israeli "control" of activity in the canal. This "control" has been one of the levers Israel has hoped to use to push Egypt toward face-to-face negotiations. [The Israelis are aware that there is international pressure, principally from the UK but also from the USSR, to clear the whole canal so that it can be opened to normal traffic.]

Further UN efforts to arrange for the release of the ships can be expected, but Egypt will doubtless take maximum advantage of the situation by condemning Israeli intransigence as the reason for suspending its canal clearance efforts.

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LAOS



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31 Jan 68 CENTRAL INTELLIGENCE BULLETIN Map

NOTES

Laos: [The Communists are preparing for a major effort to drive government forces from the key guerrilla base at Phou Pha Thi, the target of a North Vietnamese air attack earlier this month. Upwards of seven enemy battalions have moved into the area, and an attempt probably will be made to knock out the airstrip on which the base is totally dependent. The loss of Phou Pha Thi would deprive the US of important navigational support for air operations over North Vietnam, and would be a severe blow to friendly guerrilla operations.]

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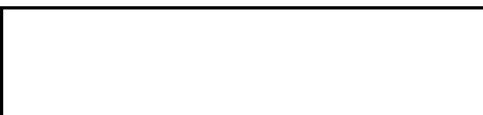
Cyprus: Preparations for the presidential and vice presidential elections scheduled for 25 February appear to be progressing peacefully. President Makarios, who is seeking a new "mandate" from the Greek Cypriot electorate, presumably will be unopposed. He has put down a minor "revolt" of some church bishops who are critical of his apparent abandonment of the goal of union with Greece. Incumbent Vice President Kucuk likewise will be unopposed in the separate election for vice president to be held in the Turkish Cypriot community. The low level of reaction so far within the Turkish community to the Greek election and vice versa suggests that the election hurdle may be passed without a fresh crisis.

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